

## Report of Independent Auditors

The Commissioners  
Missouri Housing Trust Fund

We have audited the accompanying balance sheets as of June 30, 1998 and 1997, and statements of revenues and expenses and changes in fund balance for the years then ended of the Missouri Housing Trust Fund. These financial statements are the responsibility of the Missouri Housing Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Missouri Housing Trust Fund at June 30, 1998 and 1997, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

As discussed in *Note 1* to the financial statements, in 1997 the Missouri Housing Trust Fund adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

*Ernst + Young LLP*

Kansas City, Missouri  
August 28, 1998

# Missouri Housing Trust Fund

## Balance Sheets

(In Thousands)

	June 30	
	1998	1997
<b>Assets</b>		
U.S. government and agency securities	\$5,768	\$5,008
Accrued interest receivable	11	58
Property and equipment	4	4
Total assets	<u>\$5,783</u>	<u>\$5,070</u>
<b>Liabilities and fund balance</b>		
Accounts payable	\$ —	\$ 27
Fund balance – restricted by state statute	5,783	5,043
Total liabilities and fund balance	<u>\$5,783</u>	<u>\$5,070</u>

*See accompanying notes.*

# Missouri Housing Trust Fund

## Statements of Revenues and Expenses and Changes in Fund Balance

*(In Thousands)*

	<b>Year ended June 30</b>	
	<b>1998</b>	<b>1997</b>
Revenues:		
Recording fees	<b>\$3,750</b>	\$3,596
Interest income	<b>285</b>	306
Total revenues	<b>4,035</b>	3,902
Expenses:		
Trust Fund grants	<b>3,217</b>	1,727
Administrative expenses	<b>78</b>	28
Total expenses	<b>3,295</b>	1,755
Revenues over expenses	<b>740</b>	2,147
Fund balance, beginning of year, as restated	<b>5,043</b>	2,896
Fund balance, end of year	<b>\$5,783</b>	\$5,043

*See accompanying notes.*

# Missouri Housing Trust Fund

## Notes to Financial Statements

June 30, 1998 and 1997

### **1. Summary of Significant Accounting Policies**

The Missouri Housing Trust Fund (the Trust Fund) was created by Section 215.035 of the Missouri statutes and is authorized to financially assist, by loans or grants, the development of housing stock and to provide housing assistance to persons and families with incomes at or below specified levels.

The following is a summary of the more significant accounting policies of the Trust Fund.

#### **Basis of Accounting**

The Trust Fund maintains its financial records on the accrual basis of accounting. Pursuant to the requirements of the Governmental Accounting Standards Board, the Trust Fund's financial activities are included in the financial statements of the Missouri Housing Development Commission (the Commission).

#### **Investments**

During the current year, the Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires that investments be reported at fair value with gains and losses reported as revenue. In accordance with this statement, the prior year financial statements have been restated to reflect this change in accounting principle. Valuing securities at fair value increased fund balance by \$33,000 at June 30, 1996. For fiscal year 1997, as a result of net increases in fair value, income from investments included \$24,000 in fair value appreciation. During the current year, income from investments includes depreciation in fair value of \$10,000.

Investments include U.S. government and agency securities and are reported at fair value as determined by the investment custodians utilizing prices quoted by securities dealers or brokers, investment bankers or statistical services on the valuation date.

At June 30, 1998 and 1997, these securities were insured or registered in the Commission's name.

### **2. Revenue From the State of Missouri**

In accordance with Section 215.035 of the Missouri statutes, the state of Missouri distributes to the Trust Fund a \$3 recording fee collected by the Missouri State Recorder's Office for each real estate related document filing.

Missouri Housing Trust Fund  
Notes to Financial Statements (continued)

**3. Administrative Expenses**

The Trust Fund reimburses the Missouri Housing Development Commission for administrative costs not to exceed 2% of Trust Fund revenues.

**4. Commitments**

At June 30, 1998, the Trust Fund had outstanding program commitments of \$5,525,000. These commitments represent Trust Fund grants which were approved prior to June 30, 1998 for which disbursement will be made in the subsequent fiscal year.